

Message Text

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SUBJECT: FMG ISSUES WHITE PAPER ON UDOJI REPORT

REF: LAGOS A-230

BEGIN UNCLASSIFIED

SUMMARY: FMG WHITE PAPER ON UDOJI REPORT ISSUED DECEMBER 27 AND ACCEPTS UNIFIED SALARY STRUCTURE BASED ON RESULT-ORIENTED, HIGHLY QUALIFIED CIVIL SERVICE. PRIVATE SECTOR OF ECONOMY NOT INCLUDED IN REPORT, WITH FMG NOTING IT EXPECTS EMPLOYERS TO NEGOTIATE WITH EMPLOYEES ON COST OF LIVING INCREASES. INDUSTRIAL UNREST COULD INCREASE DURING NEXT FEW MONTHS AS PRIVATE SECTOR WORK FORCE STRIVES TO DUPLICATE PUBLIC SECTOR WAGE INCREASES. END SUMMARY

1. LONG AWAITED FMG WHITE PAPER ON PUBLIC SERVICE REVIEW (UDJI) COMMISSION REPORT WAS RELEASED DECEMBER 27. HIGHLIGHTS ARE AS FOLLOWS:

A. MINIMUM ANNUAL WAGE IN PUBLIC SECTOR FIXED AT 720 NAIRA, AS AGAINST PRESENT 312 NAIRA.

B. ZONAL WAGE RATE WILL REMAIN IN FORCE FOR TIME BEING. UNSKILLED WORKERS IN ZONE 1 (LAGOS) WILL RECEIVE 2 NAIRA

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PER DAY, WHILE ZONE 2 (WESTERN STATE PLUS 7 OTHER STATES)

WILL RECEIVE 1.75 NAIRA PER DAY, AND ZONE 3 (KWARA, NORTH EASTERN AND NORTH WESTERN STATES) WILL RECEIVE 1.40 NAIRA PER DAY.

C. EFFECTIVE DATE OF WAGE INCREASE SET AS APRIL 1, 1974, WITH 9 MONTHS ARREARS TO BE PAID IN ONE LUMP SUM DURING JANUARY, 1975 WITH 50 PERCENT OF ARREARS BEING TAX FREE).

D. EMPLOYEES IN PRIVATE SECTOR ARE NOT TO BENEFIT FROM UDOJI REPORT. FMG PAPER STATES SUCH GENERAL INCREASES WOULD ONLY SERVE TO WIDEN EXISTING GAP, ESPECIALLY AT TOP-LEVELS BETWEEN PRIVATE AND PUBLIC SECTORS. FMG, HOWEVER, SAID, "EMPLOYERS MAY NEGOTIATE WITH THEIR RESPECTIVE EMPLOYEES APPROPRIATE INCREASES IN SALARIES AND WAGES TO COMPENSATE FOR INCREASES IN THE COST OF LIVING SINCE THE WAGE FREEZE."

E. UNIFIED CIVIL SERVICE SALARIES TO RUN FROM 720 NAIRA MINIMUM TO 13,959 NAIRA FOR A PERMANENT SECRETARY. HIGHEST PAID GOVERNMENT POSITION IS CHIEF JUSTICE OF FEDERATION, SET AT 16,200 NAIRA; WHILE FEDERAL COMMISSIONERS TO EARN 14,400 NAIRA.

F. NATIONAL SALARY SCALE TO BE INTRODUCED FOR ALL TEACHERS.

G. CURRENT RATE OF ANNUAL LEAVE TO CONTINUE. (UDJOI REPORT HAD RECOMMENDED DRASTIC SCALING DOWN OF ANNUAL LEAVE ALLOWANCE.)

H. DOCTORS IN PUBLIC SERVICE TO START A 2,780 NAIRA PER YEAR, WITH SENIOR CONSULTANTS TO EARN 7,760 NAIRA.

I. POLICE SALARIES TO RANGE FROM 812 NAIRA FOR A RECRUIT TO 15,120 NAIRA FOR INSPECTOR-GENERAL OF POLICE.

J. ARMED SERVICES EXCLUDED FROM REPORT, BUT SEPARATE COMMITTEE IS WORKING ON RECOMMENDATIONS COVERING ARMED FORCES.

K. RETIREMENT AGE TO REMAIN 55 YEARS OF AGE, RATHER THAN 60 AS PROPOSED BY UDOJI REPORT. AS AN INTERIM MEASURE, PENSIONERS TO RECEIVE PENSION INCREASES OF BETWEEN 50 AND 215 PERCENT.

2. FMG STRESSES ITS DECISION DESIGNED TO ESTABLISH PUBLIC SERVICE LIMITED OFFICIAL USE

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WHOSE MAIN PURPOSE IS TO ACHIEVE RESULTS. THIS CAN BE BROUGHT ABOUT ONLY BY WELL-DESIGNED AND CAREFULLY IMPLEMENTED STAFF SELECTION AND DEVELOPMENT PROGRAM, INCLUDING WEEDING OUT OF QUOTE DEAD WOOD UNQUOTE. MERIT WILL BE SOLE CRITERION FOR PROMOTION. OPEN REPORTING SYSTEM WILL BE ADOPTED TO REPLACE PRESENT SYSTEM OF CONFIDENTIAL REPORT. FMG ACCEPTS FUNDAMENTAL RECOMMENDATION THAT NATION HAS REACHED A STAGE WHERE NEW CONCEPT OF PUBLIC SERVICE SHOULD REPLACE THE EXISTING ONE. END UNCLASSIFIED.

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3. COMMENT: IT SEEMS OBVIOUS THAT PAYMENT OF NINE MONTHS SALARY ARREARS IN JANUARY WILL PUT LARGE AMOUNT OF MONEY ON MARKET AND THEREBY PUSH CURRENTLY INFLATED PRICES EVEN HIGHER. THIS CAN BE EXPECTED TO INCREASE PRESSURES ON PRIVATE SECTOR TO BOOST WAGE LEVELS FOR LOWER PAID EMPLOYEES WHO APPEAR TO BE ON CURRENT LEVEL WITH COUNTERPARTS IN PUBLIC SECTOR. SINCE BULK OF WORK FORCE IS ASSUMED TO BE UNSKILLED OR SEMI-SKILLED, AMOUNT OF INCREASE FOR PRIVATE SECTOR IS LIKELY TO HAVE DRASTIC EFFECT ON SOME EMPLOYERS. WE ANTICIPATE INCREASED INDUSTRIAL UNREST DURING NEXT SEVERAL MONTHS AS PRIVATE SECTOR WORK FORCE PUSHES FOR VISIBLE PROOF IT IS RECEIVING FAIR TREATMENT. FULL IMPACT OF THIS REPORT ON PRIVATE SECTOR, INCLUDING EMBASSY'S LOCAL STAFF, IS DIFFICULT TO ASCERTAIN AND WILL AWAIT FURTHER ANALYSIS.

4. DETAILED ANALYSIS OF UDOJI REPORT AND WHITE PAPER WILL FOLLOW AFTER WE HAVE HAD OPPORTUNITY TO DIGEST BOTH.
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